



Mercy Capitol Acquisition

January 31, 2007

POSITIVES FOR STATE

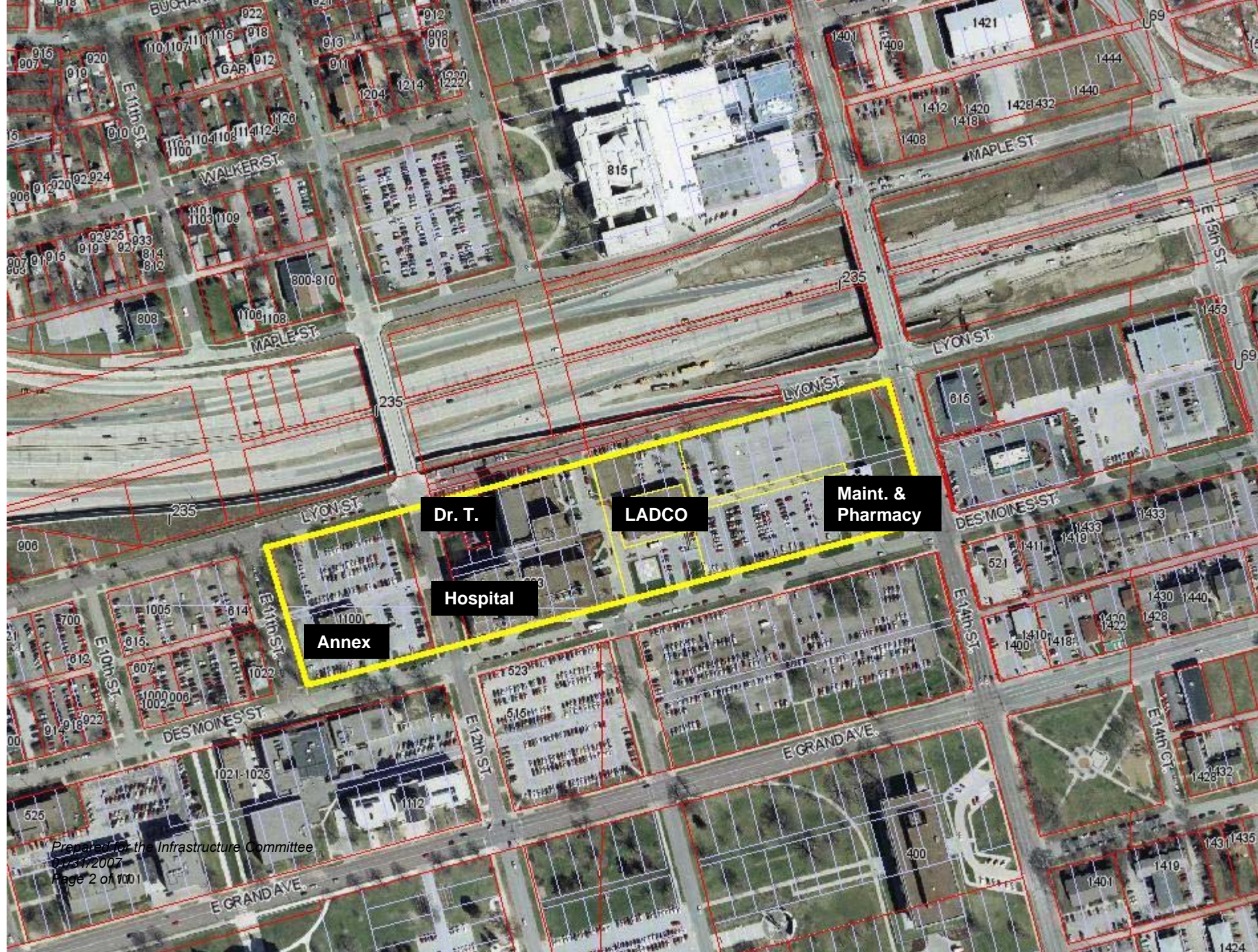
1. Lock in price for State – savings of \$3-4 million compared to original Mercy offer.
2. State can cash flow without an appropriation associated with the purchase price.
3. Reduction in State's leasing costs, resulting in savings to State Agencies, thereby freeing up valuable resources for core missions. (Today, agencies average cost is \$15.00/sq. ft. We anticipate approximately \$5.06/sq. ft. in savings.)
4. Provides approximately 180,000 sq. ft. of rentable office space, thereby reducing space needs for new state office building, resulting in smaller building and savings estimated at \$8.5 million based upon current construction cost estimate.
5. Complements the new state office building by providing the following:
 - a. Provides existing cafeteria
 - b. Provides existing wellness center
 - c. Provides the possibility of creating employee daycare facility
 - d. Provides the possibility of delivering pharmacy services to state employees
6. Consistent with the Capitol Planning Commission's Master Plan for the Complex, and provides flexibility for managing the Capitol Complex.
7. Enhances the State's ability to complete the West Capitol Terrace vision by providing alternative space for fleet management offices.
8. Frees up prime office space in current buildings by providing storage areas.
9. State procures an asset with \$8 million value.
10. Positively impacts the State's parking problem.

POSITIVES FOR CITY/NEIGHBORHOOD

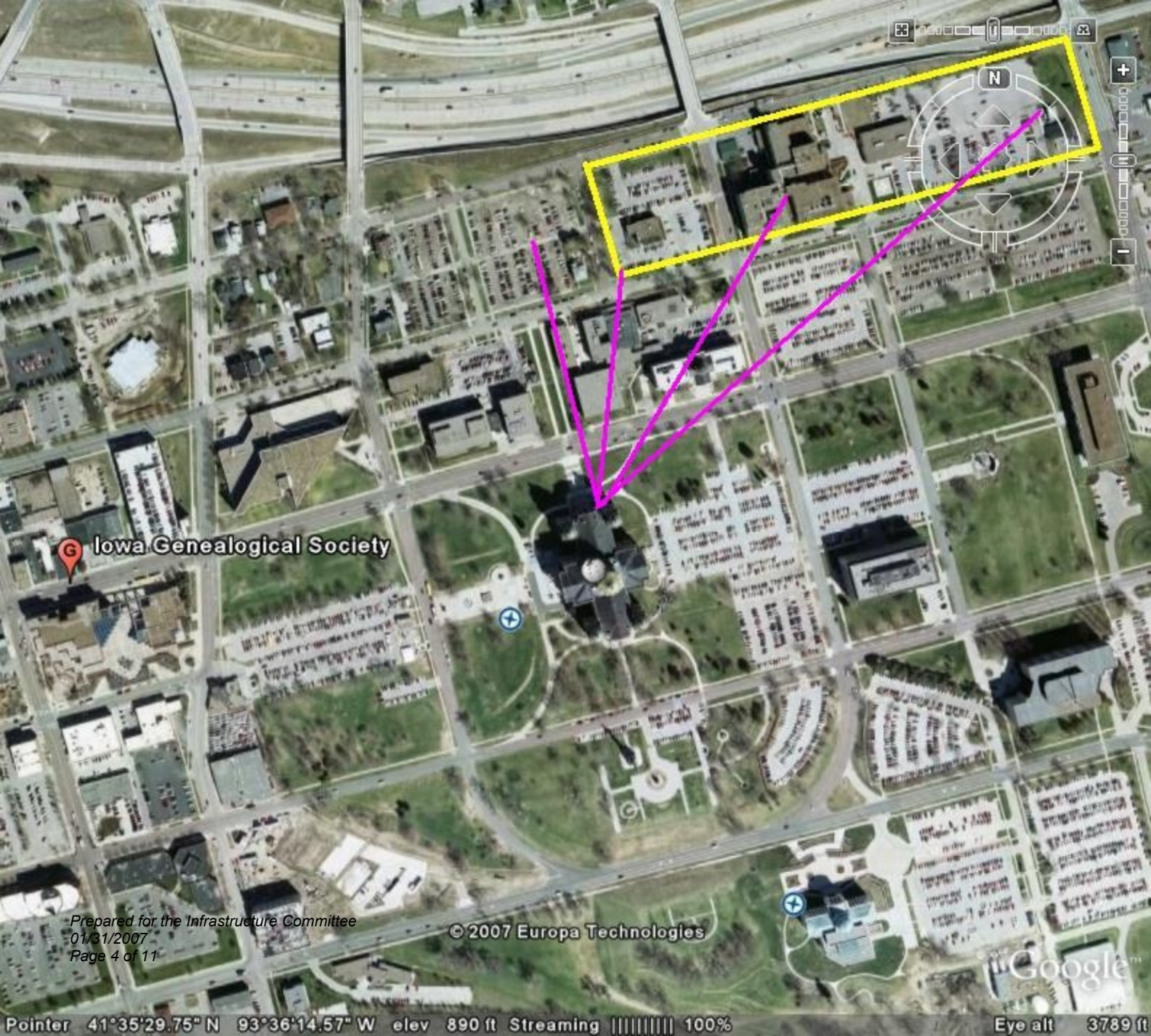
1. Provides opportunity to ensure that area citizens retain certain medical services.
 - a. Doctors currently located in LADCO building would be permitted to continue providing services
 - b. Pharmacy located on east end of property would be allowed to continue operations
2. Current negotiations include the donation by Mercy of a portion of their property to the City of Des Moines for use as a Cancer Survivor Park, with construction dollars and ongoing maintenance dollars potentially being provided by the Bloch Foundation.


NEXT STEPS

1. Finalize exclusive Offer to Purchase Property – expected completion: Monday, January 29.
2. Seek Legislative approval of financing mechanism (lease-purchase or bonding).
3. Offer to Purchase Property delivered to Mercy on Thursday, February 1.
4. Seek Executive Council approval for land swap involving parking areas.
5. Develop final plan for use of property to be acquired and adjust design of new office building as appropriate.







 Iowa Genealogical Society

Prepared for the Infrastructure Committee
01/31/2007
Page 4 of 11

© 2007 Europa Technologies

Google™

Pointer 41°35'29.75" N 93°36'14.57" W elev 890 ft Streaming ||||| 100%

Eye alt 3789 ft



Mercy Capitol Acquisition
Frequently Asked Questions
November 15, 2006

- **Why should the State consider purchasing the Mercy Capitol property?**
 1. Mercy Hospital is motivated to sell to the State.
 2. The State needs the property across the street and due west of the hospital to construct a parking ramp for the new state office building.
 3. Portions of the main hospital building are either currently available for, or can be converted into (in the future), office and storage space for state programs located in leased space.
 4. The cost to convert is substantially cheaper than the cost to build.
 5. Other parts of the hospital building can be utilized for DAS Mail Services and DAS State Fleet operations. Relocating DAS Mail Services to the hospital building will create additional opportunity to move leased office and storage space back to the Capitol Complex. In order for the West Capitol Terrace project to be completed, DAS State Fleet Operations must be relocated.
 6. Portions of the hospital property can be utilized for much needed parking on the Capitol Complex and for future state development.
 7. A portion of the hospital property that fronts East 14th Street could be sold (for commercial development) to generate cash needed for the acquisition or to convert the main hospital building into office space.
 8. With minor modification (selling the East 14th Street frontage), the acquisition continues the execution of the Capitol Complex master plan.
 9. The hospital cafeteria could be utilized by the tenants of the proposed new office building in lieu of building a cafeteria in the new office building.
 10. The hospital complex offers the opportunity to provide child daycare, adult daycare, health care, and wellness services to state employees.
 11. The purchase potentially reduces the size and cost of the proposed new state office building. Construction of the new state office building is anticipated to begin in March 2008, with an anticipated move-in date of March 2010.
- **What is the State purchasing?**
 1. The entire hospital property consists of approximately 10 acres and is bordered by East 14th Street on the east, East 11th Street on the west, Des Moines Street on the south, and East Lyon Street on the north.
 2. Six buildings are located on the property: the main hospital building, two privately owned medical clinics/offices (land lease to Mercy), a small pharmacy building (land lease), a vacant brick building (Annex), and a small maintenance facility.

- **What problems does it solve on the Capitol Complex?**
 1. Moves state employees out of costly leased space into more affordable Capitol Complex space.
 2. Provides much needed parking for employees and visitors.
 3. Provides an opportunity to complete the West Capitol Terrace project (as planned) and relocating DAS State Fleet operations.
 4. Facilitates the demolition of the Wallace Building.
 5. Improves the Capitol Complex aesthetics.
- **How will the acquisition be financed?**

DAS will pursue financing options through the State of Iowa Treasurer's Office via net cash flow generated by relocating state employees from leased space to the Capitol Complex.
- **What is the timeframe for the various components of the hospital transaction?**
 1. Agreement regarding acquisition of the property due west and across the street from the hospital complex should occur as soon as possible since it materially impacts the location for a parking ramp of the proposed new state office building. Actual possession of the property must occur on or before January 1, 2008, since it would be utilized as a staging area for construction.
 2. Acquisition of the property bordering East 14th Street should occur as soon as possible. The selling of this property would permit the State to generate capital necessary to support the project. If the State locates a buyer for this property before it acquires ownership, the proceeds from the sale could be applied toward the purchase price.
 3. State occupation of vacant space currently within the main hospital building should occur as soon as possible.
 4. State occupation of the balance of the hospital property should occur as soon as Mercy Hospital occupies a new hospital facility in the western suburbs, three to four years from now.
- **What are the next steps?**
 1. Finalizing an option to buy agreement with Mercy Hospital.
 2. Constructing a return on investment analysis for the acquisition.
 3. Meeting with the Treasurer's Office to determine financing feasibility.
- **What has been the nature of property acquisition?**
 1. *How does the state acquire property for the Capitol Complex?*

In general, through appropriated funds. See response to above question. Also, when the option is exercised, a formal offer to buy is signed by both the buyer and seller. Thereafter, the property abstract is updated, a title opinion is rendered by legal counsel, all identified title deficiencies are corrected, a mutually agreeable closing date is determined, and ownership is transferred to the buyer at closing.
 2. *What real estate has been acquired during the Vilsack/Pederson administration?*

1022 Des Moines Street, 709 East Locust, and several single-family and multi-family dwellings located on East 10th Street and on Des Moines Street.

3. *How much funding (recently) has been devoted to real estate acquisition?*

\$610,000 (\$110,000 in FY06, \$500,000 in FY07)

4. *What funding requests are being considered for real estate acquisition?*

FY08 - \$1,000,000.

5. *What properties is the State in the process of acquiring?*

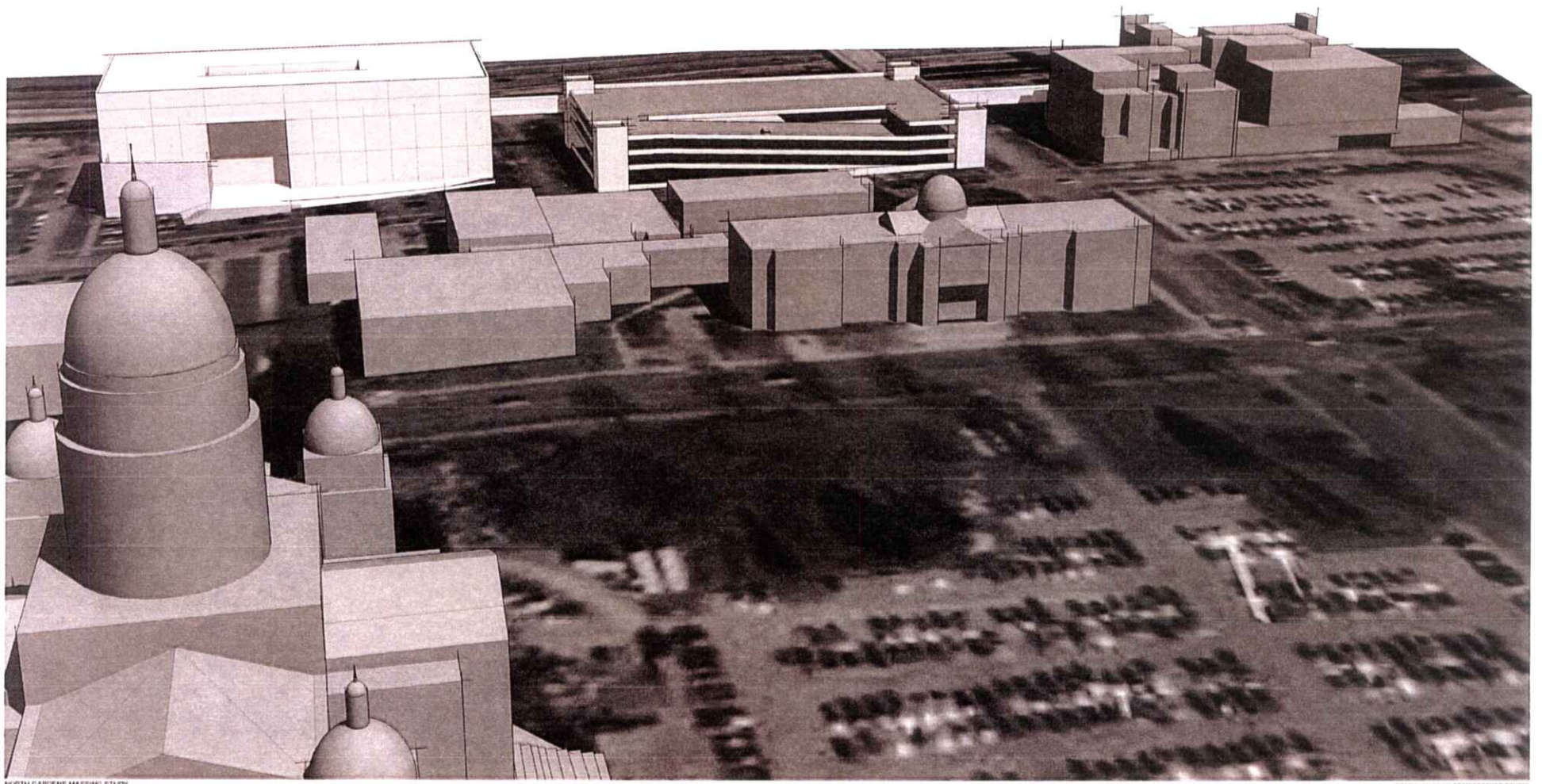
None at this time, other than Mercy Capitol.

6. *What is DAS' statutory authority to acquire property?*

Acquisition of Real Property - 8A.321:

With approval by the executive council or pursuant to other authority granted by law, DAS may acquire real property as follows:

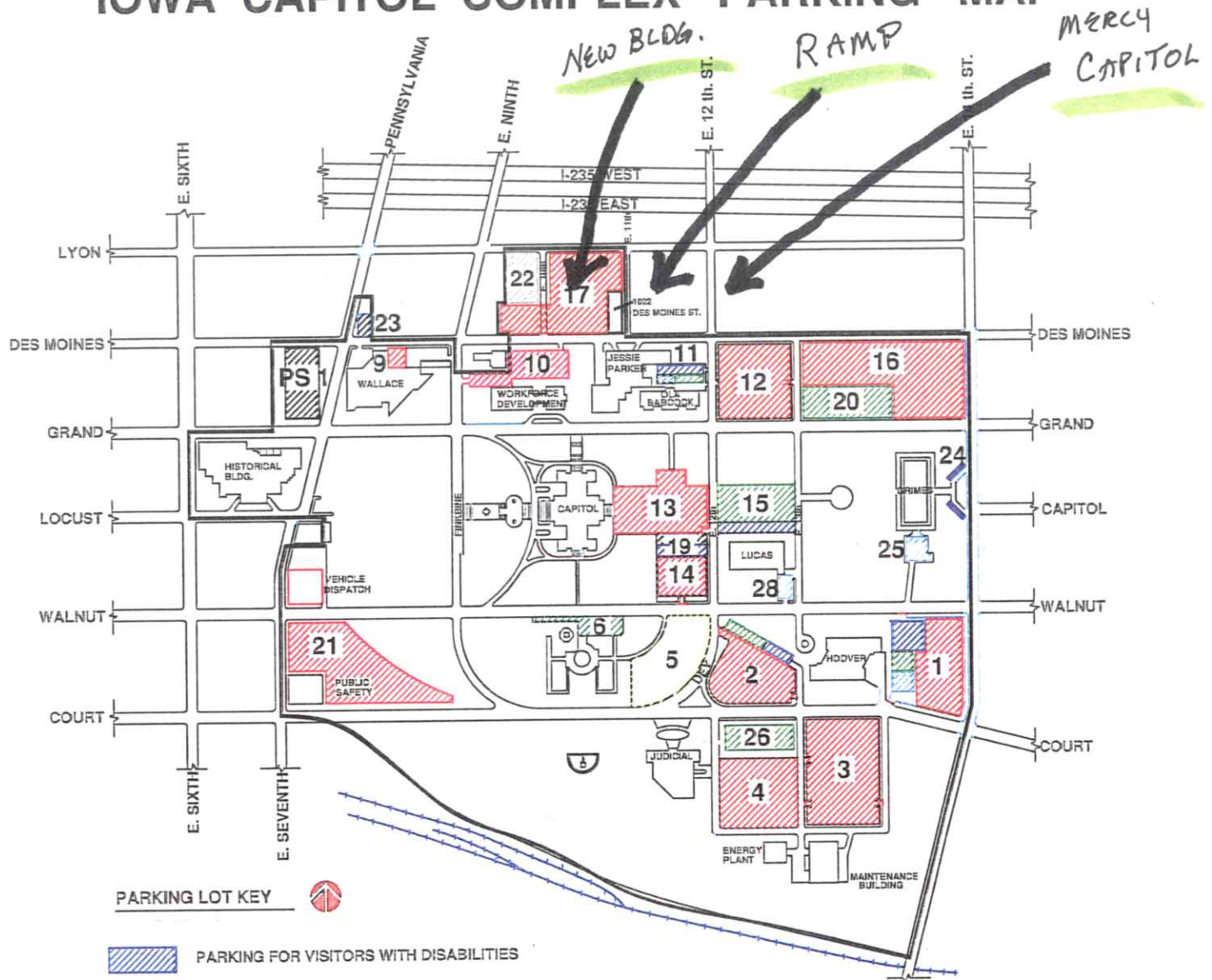
- a. Purchase, lease, option, gift, grant, bequest, devise or otherwise.
- b. Exchange of real property belonging to the state for property belonging to another person.
- c. Selling Real Property Owned by the State – No change to this part of the statutory responsibilities of the director. State-owned real property cannot be sold without a constitutional majority of both houses of the general assembly and approval by the governor.



NORTH GARDENS MASSING STUDY

JEFFREY KIRSHAN ARCHITECTURE STUDIO

IOWA CAPITOL COMPLEX PARKING MAP



Leasing 2007 ROI Data

Department/Board	Division	Address of Leased Space	Lease Start	Lease End	Sq. Footage	# of Occupants	(Base rent) Sq. Ft./ Yr	Operating Expenses Sq. Ft./ Yr	Parking/ Yr	Other Rent/Yr	Annual Rent	Cost per Employee	Average Cost P/S/F
Inspections & Appeals	Racing & Gaming Commission	717 E Court, Ste. B	12/1/01	11/30/06	4,600	15	\$ 16.05	\$ -	\$ -	\$ -	\$ 73,830	\$ 4,922	
Commerce	Insurance Division	300 E. Maple Ste. 330	12/1/97	11/30/07	25,939	84	\$ 10.12	\$ 6.11	\$ 12,970	\$ -	\$ 433,960	\$ 5,166	
Natural Resources	Environmental Protection Division	7900 Hickman Rd	7/1/05	6/30/10	20,942	78	\$ 9.81	\$ -	\$ -	\$ -	\$ 205,441	\$ 2,634	
Natural Resources	Water Supply & FO5	401 SW 7th Street, Ste. I & M	12/1/05	11/30/10	13,183	58	\$ 9.50	\$ 6.49	\$ -	\$ -	\$ 210,796	\$ 3,634	
Education	College Student Aid Commission	200 10th St - 4th floor	4/1/06	3/31/11	12,280	47	\$ 15.50	\$ -	\$ -	\$ -	\$ 190,340	\$ 4,050	
Human Services	Collection Services Center	601 SW 9th, Suites F & M	7/1/06	6/30/11	9,938	39	\$ 4.00	\$ 5.44	\$ -	\$ -	\$ 93,815	\$ 2,406	
Education	Disability Determination Services	535 SW 7th	9/1/04	8/31/11	36,731	140	\$ 10.50	\$ 5.73	\$ -	\$ -	\$ 596,144	\$ 4,258	
Economic Development		200 E. Grand Ave	10/1/96	9/30/11	36,218	142	\$ 7.50	\$ 8.03	\$ -	\$ -	\$ 562,466	\$ 3,961	
Commerce	Banking	200 E. Grand Ave, 3rd floor, Ste. 300	10/1/96	9/30/11	7,307	20	\$ 7.50	\$ 8.03	\$ -	\$ -	\$ 113,478	\$ 5,674	
Commerce	Credit Union	200 E. Grand Ave, 3rd floor, Ste. 370	10/1/96	9/30/11	2,267	7	\$ 7.50	\$ 8.03	\$ -	\$ -	\$ 35,207	\$ 5,030	
Natural Resources	Storage Lease	323 SW 8th Street Suite 166	month-month	month-month	950	0	\$ 3.00	\$ -	\$ -	\$ -	\$ 2,850	#DIV/0!	
Natural Resources	Storage Lease	300 SW 7th Street, Suite 405	month-month	month-month	280	0	\$ 2.00	\$ -	\$ -	\$ -	\$ 560	#DIV/0!	
Subtotals					170,635	630					\$ 2,518,886		\$ 14.76
Treasurer	Agricultural Development Authority	505 5th Ave., Ste 327	1/1/05	12/31/10	1,735	3	\$ 11.50	\$ -	\$ -	\$ -	\$ 19,953	\$ 6,651	
Human Services	Field Office & Refugee Services	1200 University	8/1/99	6/30/10	8,846	21	\$ 5.79	\$ 6.24	\$ -	\$ -	\$ 106,417	\$ 5,067	
Human Services	Governor's Developmental Disabilities Council	617 E. 2nd Street	7/1/06	6/30/11	1,864	4	\$ 7.00	\$ 5.36	\$ -	\$ -	\$ 23,039	\$ 5,760	
Human Services	CSRU	1901 Bell Ave - 3rd floor	10/1/01	9/30/08	20,459	91	\$ 14.05	\$ -	\$ -	\$ -	\$ 287,449	\$ 3,159	
Human Services	Refugee Services Training Center	1200 University	1/1/05	12/31/06	4,222	11	\$ 5.79	\$ 6.24	\$ -	\$ -	\$ 50,791	\$ 4,617	
Public Safety		709 E. 2nd Street	9/1/95	2/28/07	4,428	18	\$ 5.50	\$ 4.84	\$ -	\$ -	\$ 45,786	\$ 2,544	
Public Safety	Fire Marshall	401 SW 7th - Suite N	1/1/06	4/30/07	6,351	19	\$ 9.75	\$ 6.50	\$ -	\$ -	\$ 103,204	\$ 5,432	
Transportation	Motor Vehicle	100 Euclid Ave - Lower level	7/2/04	6/30/07	29,370	0	\$ 6.00	\$ 6.61	\$ -	\$ -	\$ 370,356	#DIV/0!	
Transportation	Motor Vehicle	100 Euclid Ave - Upper level	7/1/04	6/30/07	16,094	225	\$ 6.79	\$ 6.61	\$ -	\$ -	\$ 215,660	\$ 958	
Transportation	Aviation	100 Euclid Ave - Upper level Ste. 7	7/3/04	6/30/07	3,574	0	\$ 8.00	\$ 6.61	\$ -	\$ -	\$ 52,216	#DIV/0!	
Justice	Consumer Advocate	300 Maple Street	12/1/97	11/30/07	9,524	27	\$ 10.12	\$ 6.02	\$ 4,762	\$ -	\$ 158,479	\$ 5,870	
Inspections & Appeals	Adult Public Defender's Office	505 5th Ave., Ste 510	7/1/01	6/30/08	5,320	22	\$ 13.00	\$ -	\$ -	\$ 1,110	\$ 70,270	\$ 3,194	
Inspections & Appeals	Juvenile Public Defender's Office	505 5th Ave., Ste. 345	7/1/01	6/30/08	2,873	13	\$ 13.00	\$ -	\$ -	\$ 1,422	\$ 38,771	\$ 2,982	
Commerce	Utilities Division	300 E. Maple Ste. 330	12/1/97	11/30/07	25,939	84	\$ 10.12	\$ 6.11	\$ 12,969	\$ -	\$ 433,959	\$ 5,166	
Workforce Development	Job Services	430 E. Grand	7/1/04	6/30/14	50,000	111	\$ 14.50	\$ -	\$ 1.50	\$ -	\$ 725,002	\$ 6,532	
Human Services	Bureau of Collections	400 SW 8th Street	9/1/04	8/31/14	24,386	102	\$ 8.50	\$ 6.28	\$ -	\$ 0.73	\$ 360,421	\$ 3,534	
Public Health	Medical, Dental, Pharmacy & Dental Boards	400 SW 8th Street	9/1/04	8/31/14	16,296	62	\$ 8.50	\$ 6.28	\$ -	\$ 0.73	\$ 240,861	\$ 3,885	
Human Services	Iowa Medicaid Enterprise	100 E. Army Post Road	2/1/05	1/31/15	48,000	350	\$ 6.35	\$ 7.27	\$ -	\$ -	\$ 653,760	\$ 1,868	
Cultural	Prepared for the Infrastructure Committee	920 Morgan Street, Suite M	8/1/05	7/31/15	26,710	5	\$ 2.00	\$ 4.41	\$ -	\$ -	\$ 171,211	\$ 34,242	
Revenue		920 Morgan Street, Suite G	8/1/05	7/31/15	16,370	11	\$ 2.00	\$ 4.41	\$ -	\$ -	\$ 104,932	\$ 9,539	

Leasing 2007 ROI Data

Department/Board	Division	Address of Leased Space	Lease Start	Lease End	Sq. Footage	# of Occupants	(Base rent) Sq. Ft./ Yr	Operating Expenses Sq. Ft./ Yr	Parking/ Yr	Other Rent/Yr	Annual Rent	Cost per Employee	Average Cost P/S/F
Revenue	Collections Unit	401 SW 7th Street, Ste. C	11/1/05	10/31/15	8,848	50	\$ 8.65	\$ 6.48	\$ -	\$ -	\$ 133,870	\$ 2,677	
Human Services	Income Training Academy	401 SW 7th - Suite G	11/1/05	10/31/15	4,819	6	\$ 8.65	\$ 6.49	\$ -	\$ -	\$ 72,960	\$ 12,160	
Public Health	Emergency Medical Services	401 SW 8th Street, Suite 411	9/1/05	8/31/06	2,143	0	\$ 3.50	\$ 2.75	\$ -	\$ -	\$ 13,394	#DIV/0!	
Public Health	Emergency Medical Services	300 SW 7th, Ste. 103	11/1/05	10/31/06	1,102	0	\$ 1.50	0	0	0	1653	#DIV/0!	
Workforce Development		300 SW 7th Street, Suite F3 & F4	11/4/05	10/31/06	1,209	0	\$ 1.00	0	0	0	1209	#DIV/0!	
Public Safety		711 E. 2nd Street	6/1/05	2/28/07	445	0	\$ 5.39	\$ -	\$ -		\$ 2,399	#DIV/0!	
Public Health	Medical Board	300 SW 7th Street, Ste., 102	11/1/05	10/31/08	350	0	\$ 1.50	0	0	0	525	#DIV/0!	
Public Health	Medical Board	323 SW 8th Street Suite 178	month-month	month-month	300	0	\$ 2.25	\$ -	\$ -	\$ -	675	#DIV/0!	
Subtotals					341,577	1,235					\$ 4,459,218		\$ 13.05
SOG Totals					512,212	1,865					6,978,104		

No highlight indicates lease is best candidate for new building

Purple highlight indicates lease could move to new building if there is space

Not a candidate for new building

Not a good candidate because of the cost to terminate the lease early

Storage Lease